

# भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके ।  
Separate paging is given to this Part in order that it may be filed  
as a separate compilation.

## LOK SABHA

The following Bills were introduced in Lok Sabha on the 14th December, 1972:—

BILL No. 121 OF 1972

*A Bill further to amend the Indian Tariff Act, 1934.*

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Tariff (Amendment) Act, 1972. Short title and commencement.
- (2) It shall come into force on the 1st day of January, 1973.
- 32 of 1934. 2. In the First Schedule to the Indian Tariff Act, 1934,— Amendment of First Schedule.
  - (a) in Item No. 28 (35),—
    - (i) in the second column headed "Name of article", for the figure and word "2-amino-anthraquinone", the figure, words and brackets "2-amino-anthraquinone (Beta-amino-anthraquinone)" shall be substituted;
    - (ii) in the last column headed "Duration of protective rates of duty", for the figures "1972", wherever they occur, the figures "1974" shall be substituted;

(b) in Items Nos. 28(36) and 28(37),—

(i) in the third column headed "Nature of duty", for the word "Protective", wherever it occurs, the word "Revenue" shall be substituted;

(ii) in the last column headed "Duration of protective rates of duty", the entry "December 31st, 1972" wherever it occurs, shall be omitted;

(c) for Item No. 28(38), the following Items shall be substituted, namely:—

1	2	3	4	5	6	7
"28(38)	The following dye-intermediates, namely,—					
	(1) Phenyl Peri Acid (Phenylamino naphthalene-8-sulphonic acid),					
	(2) Ortho Toluidine,					
	(3) Diethyl Meta Amino Phenol (Meta-diethylamino phenol),					
	(4) Diamino Stilbene Disulphonic Acid (4,4/diamino stilbene-2,2/-disulphonic acid)—					
	(a) of British manufacture ;	Protective	90 per cent <i>ad valorem</i> .	..	..	December 31st, 1974.
	(b) not of British manufacture.	Protective	100 per cent <i>ad valorem</i> .	..	..	December 31st, 1974.
28(38A)	The following dye-intermediates, namely,—					
	(1) J. Acid (2-naphthylamine-5-hydroxy-7-sulphonic acid),					
	(2) 4-Chloro-2-Nitro Aniline,					
	(3) Para Anisidine,					
	(4) Para Toluidine—					
	(a) of British manufacture ;	Protective	50 per cent <i>ad valorem</i> .	..	..	December 31st, 1974.
	(b) not of British manufacture.	Protective	60 per cent <i>ad valorem</i> .	..	..	December 31st, 1974.
8(38B)	Ortho anisidine—					
	(a) of British manufacture ;	Revenue	50 per cent <i>ad valorem</i> .	..	..	"
	(b) not of British manufacture.	Revenue	60 per cent <i>ad valorem</i> .	..	..	"

(d) in Item No. 28 (39),—

(i) in the second column headed "Name of article", for the brackets, figure and words "(4) Tobias Acid", the brackets, figures and words "(4) Tobias Acid (2-naphthylamine-1-sulphonic acid)" shall be substituted;

(ii) in the last column headed "Duration of protective rates of duty", for the figures "1972", wherever they occur, the figures "1974" shall be substituted;

(e) for Item No. 28 (40) and the Note thereunder, the following Items shall be substituted, namely:—

1	2	3	4	5	6	7
"28(40)	The following dye-intermediates, namely,—					
	(1) M-nitro-aniline,					
	(2) M-nitro-p-toluidine (MNPT),					
	(3) Phenyl J. acid (2-phenyl-amino-5-naphthol-7-sulphonic acid or 2-phenyl-amino-5-hydroxy-naphthalene-7-sulphonic acid),					
	(4) 1:5 di-amino-anthraquinone,					
	(5) Schaeffer's acid (2-naphthol-6-sulphonic acid),					
	(6) M-chloro aniline,					
	(7) 2:5 dichloro aniline,					
	(8) 4-chloro-2-anisidine,					
	(9) 4-chloro-2-nitro anisole,					
	(10) O-nitro aniline,					
	(11) Para toluidine meta sulphonic acid,					
	(12) O-amino azo toluene (2,3/-dimethyl-4-amino-azo-benzene] or 4-ortho-toluyazo-ortho-toluidine),					
	(13) R. salt (2-naphthol-3,6-disulphonic acid, Sodium salt),					
	(14) Benzoyl J-acid (2-Benzoyl amino 5-naphthol-7-sulphonic acid),					
	(15) P-nitrosophenol (1-hydroxy-4-nitro benzene),					
	(16) Dinitrostilbene disulphonic acid (4,4/-dinitrostilbene-2,2/-disulphonic acid),					

1	2	3	4	5	6	7
	(17) Beta naphthalene thioglycolic acid (2-naphthyl thiogly- colic acid,					
	(18) 4-chloro-o-toluidine,					
	(19) 1-Amino-6-nitro-2- naphthol-4-sulphonic acid,					
	(20) Para nitro toluene sulphonic acid or para-nitro toluene- ortho-sulphonic acid (toluene-4-nitro-2- sulphonic acid or benzene-1-methyl-4- nitro-2-sulphonic acid)—					
	(a) of British manufacture;	Protective	50 per cent <i>ad valorem</i> ,	..	..	December 31st, 1974.
	(b) not of British manufacture.	Protective	60 per cent <i>ad valorem</i> ,	..	..	December 31st, 1974.
28(40A)	The following dye-inter- mediates, namely,—					
	(1) Metanilic acid,					
	(2) Quinizarine					
	(1,4-dihydroxy- anthraquinone)—					
	(a) of British manufacture;	Protective	90 per cent <i>ad valorem</i> ,	..	..	December 31st, 1974.
	(b) not of British manufacture,	Protective	100 per cent <i>ad valorem</i> ,	..	..	December 31st, 1974.
28(40B)	The following dye-in- termediates, namely,—					
	(1) 1-amino-anthraqui- none					
	(2) 2 : 6 diamino- anthraquinone,					
	(3) O-chloro aniline,					
	(4) P-chloro aniline,					
	(5) O-nitro anisole,					
	(6) P-nitro anisole,					
	(7) 5-chloro-o-toluidine,					
	(8) 1 : 4 diamino anthraquinone,					
	(9) 1-chloro anthraquinone,					
	(10) Peri acid,					
	(11) 2 : 5 dimethyl-4- chloro-phenyl thioglycolic acid,					
	(12) Amino Iso G-acid,					
	(13) Anthraquinone-1- sulphonic acid sodium salt—					

1	2	3	4	5	6	7
	(a) of British manufacture;	Revenue	50 per cent <i>ad valorem</i> .	..	..	..
	(b) not of British manufacture.	Revenue	60 per cent <i>ad valorem</i> .	..	..	-
28(41)	The following dye-intermediates, namely,—					
	(1) Chicago acid,					
	(2) G-Salt,					
	(3) Gamma acid,					
	(4) H. Acid,					
	(5) J-Acid urea,					
	(6) Meta-toluylene diamine,					
	(7) Meta-phenylene diamine,					
	(8) Nevile Winther acid,					
	(9) Para Nitro aniline,					
	(10) Rhoduline acid,					
	(11) Sulphanilic acid,					
	(12) Sodium naphthionate/naphthionic acid,					
	(13) 2 : 5-dichloro nitro benzene,					
	(14) Dimethyl sulphate,					
	(15) Beta Naphthol,					
	(16) Aceto acetic ester (ethyl/methyl),					
	(17) Trichloro benzene,					
	(18) Benzidine sulphate/ Benzidine dihydro chloride,					
	(19) Dimethylaniline—					
	(a) of British manufacture;	Protective	50 per cent <i>ad valorem</i> .	..	..	December 31st, 1974.
	(b) not of British manufacture.	Protective	60 per cent <i>ad valorem</i> .	..	..	December 31st, 1974."

## STATEMENT OF OBJECTS AND REASONS

The Bill seeks to amend the First Schedule to the Indian Tariff Act, 1934 (32 of 1934), in order to continue or discontinue tariff protection on certain dye-intermediates and to bring in certain new Items of dye-intermediates under the scheme of protection on the recommendation of the Tariff Commission contained in its Report on the Dye-intermediaes Industry (1972). The present period of protection of the dye-intermediates industry is due to expire on the 31st December, 1972.

2. The following modifications are proposed in respect of the dye-intermediates:

Item No. of Tariff	Proposal
I. 28(35), 28(38), (28(39) and 28(40) . . . . .	Continuance of protection to 31 dye-intermediates included in these Items at the existing rates of protective duty up to the 31st December, 1974.
II. 28(40A) . . . . .	Continuance of protection to 2 dye-intermediates included in this Item up to the 31st December, 1974, at enhanced rates of duty.
III. 28(38A) . . . . .	Continuance of protection to 4 dye-intermediates included in this Item up to the 31st December, 1974, at reduced rates of duty.
IV. 28(41) . . . . .	To accord protection to 19 new dye-intermediates included in this Item up to the 31st December, 1974.
V. 28(36), 28(37), 28(38B) and 28(40B) . . . . .	Withdrawal of protection and to levy revenue rates of duty to 16 dye-intermediates included in these Items with effect from the 1st January, 1973.

3. Opportunity has been availed of to add the chemical names of certain dye-intermediates.

L. N. MISHRA.

NEW DELHI;  
The 4th December, 1972.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE  
CONSTITUTION OF INDIA

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[Copy of letter No. 2(2)-Tar/72, dated the 6th December, 1972 from Shri L. N. Mishra, Minister of Foreign Trade to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the Indian Tariff (Amendment) Bill, 1972, recommends under article 117(1) of the Constitution of India, the introduction of the Bill in the current session of the Lok Sabha.

## BILL No. 120 OF 1972

*A Bill to provide for the taking over, in the public interest, of the management of the sick textile undertakings, pending nationalisation of such undertakings, for the expeditious rehabilitation of such undertakings so that such rehabilitation may subserve the interests of the general public by the augmentation of the production and distribution, at fair prices, of cheaper varieties of cloth, and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows:—

## CHAPTER I

## PRELIMINARY

1. (1) This Act may be called the Sick Textile Undertakings (Taking Over of Management) Act, 1972.

(2) It shall be deemed to have come into force on the 31st day of October, 1972.

2. In this Act, unless the context otherwise requires,—

(a) “appointed day” means the 31st day of October, 1972;

Short title  
and com-  
mence-  
ment.

Defini-  
tions.



(b) "notification" means a notification published in the Official Gazette;

(c) "owner", in relation to a textile undertaking, means the company, individual, body of individuals or firm by which it is owned;

(d) "sick textile undertaking" means the textile undertaking which falls within one or more of the following categories, namely:—

(i) which is owned by a textile company which is being wound up, whether voluntarily or by or under the supervision of any Court, or in respect of which a provisional liquidator has been appointed by a Court,

(ii) which had remained closed for a period of not less than three months immediately before the appointed day and the closure of which is prejudicial to the textile industry, and the condition of the undertaking is such that it may, with reasonable inputs, be re-started in the interests of the general public,

(iii) which has been leased to Government or any other person or the management of which has been taken over by Government or any other person under any leave or licence granted by any Receiver or Liquidator by or under the orders of, or with the approval of, any Court,

(iv) the management of which was authorised by the Central Government, by a notified order made under section 18A, or in pursuance of an order made by the High Court under section 18FA, of the Industries (Development and Regulation) Act, 1951, to be taken over by a person or body of persons, but such management could not be taken over by such person or body of persons, before the appointed day, 65 of 1951.

(v) the management of which ought to be [according to the report made after investigation by any person or body of persons appointed after the 1st day of January, 1970, under section 15 or section 15A of the Industries (Development and Regulation) Act, 1951] taken over under section 18A of that Act, but in relation to which no notified order authorising any person or body of persons to take over the management of such undertaking was made before the appointed day, 65 of 1951.

(vi) in respect of which an investigation was caused to be made, before the appointed day, by the Central Government under section 15 or section 15A of the Industries (Development and Regulation) Act, 1951, and the report of such investigation was not received by the Central Government before the appointed day, 65 of 1951.

and includes any textile undertaking which is deemed, under sub-section (2), of section 4, to be a sick textile undertaking;

(e) "textile" includes yarn or fabrics made either wholly or partly of cotton, wool, jute, synthetic and artificial (man-made) fibres;

(f) "textile company" means a company specified in the third column of the First Schedule as owning the textile undertaking specified in the corresponding entry in the second column of that Schedule;

- 63 of 1948. (g) "textile undertaking" means an undertaking engaged in the manufacture of textiles and to which the provisions of the Factories Act, 1948, apply;
- 65 of 1951. (h) words and expressions used but not defined in this Act and defined in the Industries (Development and Regulation) Act, 1951, shall have the meanings respectively assigned to them in that Act;
- 65 of 1951. (i) words and expressions used but not defined either in this Act or in the Industries (Development and Regulation) Act, 1951, but defined in the Companies Act, 1956, shall have the meanings respectively assigned to them in the Companies Act, 1956.
- 1 of 1956.

3. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any enactment (other than this Act) or any judgment, decree or order of any Court, tribunal or other authority or any instrument having effect by virtue of any enactment other than this Act.

Act to override all other enactments, etc.

## CHAPTER II

### MANAGEMENT OF SICK TEXTILE UNDERTAKINGS

4. (1) On and from the appointed day, the management of all the sick textile undertakings specified in the First Schedule shall vest in the Central Government.

Management of sick textile undertakings to vest in Central Government on the appointed day.

65 of 1951. (2) If, after the commencement of this Act, any investigation is ordered, under section 15 or section 15A of the Industries (Development and Regulation) Act, 1951, in relation to any textile undertaking, and it is reported after such investigation that the management of such textile undertaking ought to be taken over under section 18A of that Act, the Central Government may, if it is satisfied after consideration of such report and other relevant matters that such undertaking ought to be declared to be a sick textile undertaking, make a declaration to that effect and further declare that the management of such textile undertaking ought to be taken over by it under this Act and on and from the date of such declaration,—

(i) the textile undertaking specified in such declaration shall be deemed to be a sick textile undertaking,

(ii) the management of such textile undertaking shall be deemed, for the purposes of this Act, to vest in the Central Government, and

(iii) the textile undertaking and the textile company owning it shall be deemed to be included in the First Schedule,

and thereupon the provisions of this Act shall become applicable thereto subject to the modification that for the words "appointed day", wherever they occur, the words, brackets and figures "date of the declaration made by the Central Government under sub-section (2) of section 4" shall be substituted.

(3) The sick textile undertaking shall be deemed to include all assets, rights, powers, authorities and privileges of the textile company, in relation to the said sick textile undertaking, and all property, movable and immovable, including lands, buildings, workshops, stores, instruments, machinery, automobiles and other vehicles and goods under production or in transit, cash balances, reserve fund, investments and all other rights and interests in, or arising out of, such property as were, immediately before the appointed day, in the ownership, possession, power or control of the textile company, whether within or outside India, and all books

of account, registers and all other documents of whatever nature relating thereto.

(4) Any contract, whether express or implied, or other arrangement (whether under any statute or otherwise) in so far as it relates to the management of the business and affairs of the sick textile undertaking, and in force immediately before the appointed day, or any order made by any Court in so far as it relates to the management of the business and affairs of the sick textile undertaking and in force immediately before the appointed day, shall be deemed to have terminated on the appointed day.

(5) All persons in whom the management of the business and affairs of the sick textile undertaking vests immediately before the appointed day, shall, as from that day, cease to be so vested.

(6) Notwithstanding any judgment, decree or order of any Court, tribunal or other authority or anything contained in any law (other than this Act) for the time being in force, every Receiver, Official Liquidator or other person in whose possession or custody or under whose control a sick textile undertaking or any part thereof may be immediately before the appointed day, shall, on the commencement of this Act, deliver the possession of the said undertaking or such part thereof, as the case may be, to the Custodian, appointed under section 5, or, where no Custodian has been appointed, to such other person as the Central Government may direct.

(7) The Central Government may take, or cause to be taken, all necessary steps for securing the possession of the sick textile undertaking which has vested in it under section 4.

(8) No resolution passed at any meeting of the shareholders of any textile company on or after the appointed day regarding the business of the textile company, in so far as it relates to the sick textile undertaking, shall be given effect to unless approved by the Central Government.

Appoint-  
ment of  
Custodian  
to take  
over the  
manage-  
ment of  
the sick  
textile  
under-  
taking.

5. (1) The Central Government may, as soon as it is convenient administratively so to do, appoint an individual or a Government company as the Custodian of a sick textile undertaking for the purpose of taking over the management of such undertaking and the Custodian so appointed shall carry on the management of such undertaking for and on behalf of the Central Government.

(2) The Central Government may also appoint a Government company as the Custodian-General for exercising supervision and control over all the sick textile undertakings, the management of which has vested in it under this Act, and, on such appointment, every Custodian appointed under sub-section (1) shall act under the guidance, control and supervision of the Custodian-General.

(3) On the appointment of a Custodian under sub-section (1), the charge of management of the sick textile undertaking shall vest in such Custodian and all persons in charge of the management of such undertaking immediately before such appointment shall cease to be in charge of such management and shall be bound to deliver to the Custodian all assets, books of account, registers or other documents in their custody relating to the sick textile undertaking.

(4) The Central Government may issue such directions (including directions as to initiating, defending or continuing any legal proceedings before any Court, tribunal or other authority) to the Custodian or Custodian-General as to his or its powers and duties as the Central Gov-

ernment deems desirable and the Custodian or the Custodian-General may apply to the Central Government at any time for instructions as to the manner in which the Custodian or the Custodian-General shall conduct the management of the undertaking of the company or in relation to any matter arising in the course of such management.

(5) Any person who, on the appointed day, has in his possession or under his control any books, papers or other documents relating to the sick textile undertaking, the management of which has vested in the Central Government under this Act, shall, notwithstanding anything contained in any other law for the time being in force, be liable, to account for the books, papers and other documents, to the Custodian and shall deliver them up to the Custodian or to such other person as may be authorised by the Central Government or the Custodian in this behalf.

(6) Every person in charge of the management of a sick textile undertaking, immediately before the appointed day, shall, within ten days from that day or within such further period as the Central Government may allow in this behalf, furnish to the Custodian a complete inventory of all the properties and assets (including particulars of book debts, investments and belongings) forming part of the sick textile undertaking immediately before the appointed day and of all liabilities and obligations of the sick textile undertaking subsisting immediately before that day and also of all agreements entered into by the textile company, in relation to the sick textile undertaking, and in force immediately before that day.

(7) The Custodian and Custodian-General shall hold office during the pleasure of the Central Government and shall receive from the funds of the sick textile undertaking such remuneration as may be fixed by the Central Government.

6. (1) The owner of every textile undertaking shall be given by the Central Government an amount, in cash, for vesting in it, under sub-section (1), or sub-section (2), as the case may be, of section 4, the management of the sick textile undertaking of such company. Payment of amount.

(2) For every month during which the management of the sick textile undertaking remains vested in the Central Government under this Act, the amount referred to in sub-section (1) shall be computed at the rate of—

(i) fifty paise per one thousand spindles or any part thereof, in the case of a sick textile undertaking having spindles only;

(ii) one rupee per one hundred looms or any part thereof, in the case of a sick textile undertaking having looms only;

(iii) fifty paise per one thousand spindles or any part thereof, and one rupee per one hundred looms or any part thereof, in the case of a sick textile undertaking having both spindles and looms.

### CHAPTER III

#### POWER TO PROVIDE RELIEF TO SICK TEXTILE UNDERTAKINGS

7. (1) The Central Government may, if satisfied, in relation to a sick textile undertaking or any part thereof, the management of which has vested in it under this Act, that it is necessary so to do in the interests of the general public with a view to preventing the fall in the volume of production of the textile industry, by notification, declare that—

(a) all or any of the enactments specified in the Second Schedule shall not apply or shall apply with such adaptations, whether by way of modification, addition or omission (which does not, however, affect

Power of Central Government to make certain declarations in relation to sick textile undertakings.

the policy of the said enactments) to such sick textile undertaking, as may be specified in such notification, or

(b) the operation of all or any of the contracts, assurances of property, agreements, settlements, awards, standing orders or other instruments in force (to which such sick textile undertaking or the company owning such undertaking is a party or which may be applicable to such sick textile undertaking or company) immediately before the date of issue of the notification shall remain suspended or that all or any of the rights, privileges, obligations and liabilities accruing or arising thereunder before the said date, shall remain suspended or shall be enforceable with such adaptations and in such manner as may be specified in the notification.

(2) The notification made under sub-section (1) shall remain in force, in the first instance, for a period of one year, but the duration of such notification may be extended from time to time by a further notification by a period not exceeding one year at a time:

Provided that no such notification shall, in any case, remain in force after the expiry of three years from the commencement of this Act.

(3) Any notification made under sub-section (1) shall have effect notwithstanding anything to the contrary contained in any other law, agreement or instrument or any decree or order of a Court, tribunal, officer or other authority or of any submission, settlement or standing order.

(4) Any remedy for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1) and suspended or modified by a notification made under that sub-section shall, in accordance with the terms of the notification, remain suspended or modified and all proceedings relating thereto pending before any Court, tribunal, officer or other authority shall accordingly remain stayed or be continued subject to such adaptations, so, however, that on the notification ceasing to have effect—

(a) any right, privilege, obligation or liability so remaining suspended or modified shall become revived and enforceable as if the notification had never been made;

(b) any proceeding so remaining stayed shall be proceeded with subject to the provisions of any law which may then be in force, from the stage which had been reached when the proceeding become stayed.

(5) In computing the period of limitation for the enforcement of any right, privilege, obligation or liability referred to in clause (b) of sub-section (1), the period during which it or the remedy for the enforcement thereof remained suspended shall be excluded.

#### CHAPTER IV

##### MISCELLANEOUS

8. (1) No proceeding for the winding up of a textile company, within the meaning of this Act, shall lie in any Court or be continued whether by or under the supervision of any Court or voluntarily, except with the consent of the Central Government. Textile companies not to wound up.

(2) In computing the period of limitation prescribed by any law for the time being in force for any application which may be made in the course of winding up of any textile company in respect of any matter arising out of any transaction in relation to a sick textile undertaking,

the time during which the making of such application was barred by this Act, shall be excluded.

Contracts,  
etc., in  
bad faith  
may be  
cancelled  
or varied.

9. (1) If the Central Government is satisfied, after such inquiry as it may think fit, that any contract or agreement entered into, at any time within twelve months immediately preceding the appointed day, between the owner of any sick textile undertaking or his agent and any other person, in relation to such sick textile undertaking, has been entered into in bad faith and is detrimental to the interests of the sick textile undertaking, it may make an order cancelling or varying (either unconditionally or subject to such conditions as it may think fit to impose) the contract or agreement and thereafter the contract or agreement shall have effect accordingly:

Provided that no contract or agreement shall be cancelled or varied except after giving to the parties to the contract or agreement a reasonable opportunity of being heard.

(2) Any person aggrieved by an order made under sub-section (1) may make an application to the principal Court of civil jurisdiction within the local limits of whose jurisdiction the registered office of the sick textile undertaking is situated for the variation or reversal of such order and, thereupon such Court may confirm, modify or reverse such order.

Power to  
terminate  
the con-  
tract of  
employ-  
ment.

10. If the Custodian or Custodian-General is of opinion that any contract of employment entered into by the owner of any sick textile undertaking or his agent, in relation to such sick textile undertaking, at any time before the appointed day, is unduly onerous, he may, by giving to the employee one month's notice in writing or the salary or wages for one month in lieu thereof, terminate such contract of employment.

Manage-  
ment of  
sick tex-  
tile under-  
takings  
pending  
taking  
over  
physical  
possession  
by the  
Custodian.

11. (1) Pending the taking over by a Custodian, appointed under section 5, of the physical possession of any sick textile undertaking, the person in charge of the management of such undertaking immediately before the appointed day shall, on and from the appointed day, be in charge of the management of such undertaking for and on behalf of the Central Government; and the management of such undertaking shall be carried on by such person subject to the provisions contained in sub-section (2) and such directions, if any, as the Central Government may give to him, and no other person, including the textile company, shall, so long as such management continues, exercise any powers of management in relation to the sick textile undertaking.

(2) (a) No person in charge, under sub-section (1), of a sick textile undertaking shall; or

(b) No person in charge of the textile undertaking of a company in relation to which any investigation has been ordered, after the commencement of this Act, under section 15 or section 15A of the Industries (Development and Regulation) Act, 1951, shall, 65 of 1951.

without the previous approval of the person specified by the Central Government in this behalf in respect of that undertaking (hereinafter referred to as the "authorised person"),—

(i) incur any expenditure from the assets appertaining to the textile undertaking otherwise than for the purpose of making routine payments of salaries or commissions to employees, agents or for the purpose of meeting the routine day to day expenditure;

(ii) transfer or otherwise dispose of any such assets or create any charge, hypothecation, lien or other incumbrance thereon;

- (iii) invest in any manner any monies forming part of such assets;
- (iv) acquire any immovable property out of the monies forming part of such assets;

(v) enter into any contract of service or agency, whether expressly or by implication, for purposes connected wholly or partly with the textile undertaking or vary the terms and conditions of any contract relating to any such transaction subsisting on the appointed day.

(3) The approval of the authorised person may be given either generally in relation to certain classes of transactions relating to the textile undertaking or specially in relation to any of its transactions.

12. (1) No suit, prosecution or other legal proceeding shall lie against the Custodian-General or any Custodian in respect of anything which is in good faith done or intended to be done under this Act.

Protection of action taken in good faith.

(2) No suit or other legal proceeding shall lie against the Central Government, the Custodian-General or any Custodian for any damage caused, or likely to be caused, by anything which is in good faith done or intended to be done under this Act.

13. (1) The Central Government may, by notification, direct that all or any of the powers exercisable by it under this Act may also be exercised by any person or persons as may be specified in the notification.

Delegation of powers.

(2) Whenever any delegation of power is made under sub-section (1), the person to whom such power has been delegated shall act under the direction, control and supervision of the Central Government.

14. Every debt arising out of any loan obtained by an owner of a sick textile undertaking from the Central Government or State Government for carrying on the management of any sick textile undertaking specified in the First Schedule,—

Debts incurred for the purposes of textile undertaking to have priority.

(a) shall have priority over all other debts, whether secured or unsecured, incurred before the management of such textile undertaking was taken over under this Act;

1 of 1956.

(b) shall be a preferential debt within the meaning of section 530 of the Companies Act, 1956.

and such debts shall rank equally among themselves and be paid in full out of the assets of the sick textile undertaking unless such assets are insufficient to meet them, in which case they shall abate in equal proportions.

15. If any person—

penalties.

(a) fails to deliver to the Custodian any assets, books of account, registers or any other documents in his custody relating to any sick textile undertaking, the management of which has vested in the Central Government, or

(b) retains any property of such sick textile undertaking or removes or destroys it, or

(c) fails to comply with the provisions of section 5, or

(d) fails to comply with any direction made under this Act,

he shall be punishable with imprisonment for a term which may extend to seven years, and shall also be liable to fine.

Offences  
by com-  
panies

16. (1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

Power  
to make  
rules

17. (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(2) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Repeal  
and  
saving.

18. (1) The Sick Textile Undertakings (Taking Over of Management) Ordinance, 1972, is hereby repealed.

9 of 1972.

(2) Notwithstanding such repeal, anything done or any action taken, including any order issued, appointment made or direction given under the said Ordinance shall be deemed to have been done or taken under the corresponding provisions of this Act.



## THE FIRST SCHEDULE

(See section 4)

Sl. No.	Name and address of the sick textile undertaking	Name and address of the owner of the sick textile undertaking
(1)	(2)	(3)
1.	Adoni Cotton Mills, Alur Road, Adoni (Andhra Pradesh).	Adoni Cotton Mills Limited, 22, Bell Building, Sir P. M. Road, Bombay-1.
2.	Anantapur Cotton Mills, Tadapatri (Andhra Pradesh).	The Anantapur Cotton Mills Limited, Tadapatri (Andhra Pra- desh).
3.	Apollo Mills, N. M. Joshi Marg, Chinchpokli, Bombay-11.	Apollo Mills Limited, N. M. Joshi Marg, Chinchpokli, Bombay-11.
4.	Arati Cotton Mills, Dassnagar, Howrah (West Bengal).	Arati Cotton Mills Limited, 29, Strand Road, Calcutta-1.
5.	Balarama Varma Textile Mills, Shencottah (Tamil Nadu).	Balarama Varma Textiles Limited, Shencottah (Tamil Nadu).
6.	Bangasri Cotton Mills, Sodepore (West Bengal).	The Bangasri Cotton Mills Limit- ed, Chandrachur Sadan, Sode- pore, 24-Parganas (West Bengal).
7.	Bengal Fine Spinning and Weaving Mills, Mill No. 2, Kataganj, District Nadia (West Bengal).	Bengal Fine Spinning and Weav- ing Mills Limited, 7, Bipin Behari Ganguly Street, Calcutta.
8.	Bijli Cotton Mills, Mendu Road, Hathras (Uttar Pra- desh).	The Bijli Cotton Mills (Private) Limited, Agra (Uttar Pradesh).
9.	Cannanore Spinning and Weaving Mills, Cannanore (Kerala).	The Cannanore Spinning and Weaving Mills Limited, Canna- nore (Kerala).
10.	Dayalbagh Spinning and Weaving Mills, Amritsar.	Sir Sahabji Maharaj Mills Limi- ted, Dayalbagh, Agra.
11.	Edward Mills, Beawar (Rajasthan).	The Edward Mills Company Limited, Beawar (Rajasthan).
12.	Edward Textile Mills, Ferguson Road, Lower Parel, Bombay.	Edward Textile Mills Limited, Indu House, Dougall Road, Ballard Estate, Bombay.
13.	Fine Knitting Mills, near Chamundamata, Asarva Road, Ahmedabad.	The Fine Knitting Company Limi- ted, Asarva, near Chamundamata, Ahmedabad-16.
14.	Gaya Cotton and Jute Mills, Gaya (Bihar).	Gaya Cotton and Jute Mills Limited, Gaya (Bihar).

Sl. No.	Name and address of the sick textile undertaking	Name and address of the owner of the sick textile undertaking
(1)	(2)	(3)
15.	Indore Malwa United Mills, Indore.	The Indore Malwa United Mills Limited, 139, Meadows Street, Fort, Bombay.
16.	Jayashankar Mills Barsi, Barsi, District Sholapur (Maharashtra).	The Jayashankar Mills Barsi Limited, Barsi, District Sholapur (Maharashtra).
17.	Jyoti Weaving Factory, 69, S. K. Dev Road, Calcutta-48.	Jyoti Weaving Factory (Private) Limited, 69, S. K. Dev Road, Patipukur, Calcutta-48.
18.	Kaleeswarar Mills, A Unit, Coimbatore.	The Kaleeswarar Mills Limited, Coimbatore.
19.	Kaleeswarar Mills, B Unit, Kalaynarkoil (District Ramnad).	
20.	Kalyanmal Mills, 15, Silnath Camp, Indore.	Kalyanmal Mills Limited, 15, Silnath Camp, Indore.
21.	Kanoria Industries, (Cotton Mills Section), Konnagar (West Bengal).	Kanoria Industries Limited, 59, Netaji Subhas Road, Calcutta-1.
22.	Kerala Lakshmi Mills, Trichur, Kerala State.	Kerala Lakshmi Mills Limited, Pullazhi, Trichur-4, Kerala State.
23.	Kharar Textile Mills, Kharar, near Chandigarh.	The Panipat Woollen and General Mills Company Limited, Kharar, near Chandigarh.
24.	Lord Krishna Textile Mills, Saharanpur (Uttar Pradesh).	Lord Krishna Sugar Mills Limited, Chand Hotel, Chandni Chowk, Delhi.
25.	Mahboob Shahi Kulbarga Mills, Gulbarga (Mysore).	Mahboob Shahi Kulbarga Mills Company Limited, Gulbarga (Mysore).
26.	New Kaiser-i-Hind Spinning and Weaving Mills, Gorupdeo Road, Chinchpokli, Bombay-33.	New Kaiser-i-Hind Spinning and Weaving Company Limited, Ashoka Apartment, Altamount Road, Bombay.
27.	New Pratap Spinning, Weaving and Manufacturing Mills, Dhulia, West Khandesh.	New Pratap Spinning, Weaving and Manufacturing Company Limited, Dhulia, West Khandesh.
28.	Orissa Cotton Mills, Bhagatpur, Cuttack.	Orissa Cotton Mills Limited, 41, Ironside Road, Calcutta-1.
29.	Osmanshahi Mills, Mill Road, Nanded (Maharashtra).	Osmanshahi Mills Limited, Mill Road, Nanded (Maharashtra).

Sl. No.	Name and address of the sick textile undertaking	Name and address of the owner of the sick textile undertaking
(1)	(2)	(3)
30.	Panipat Woollen Mills, Kharar, near Chandigarh.	The Panipat Woollen and General Mills Company Limited, Kharar, near Chandigarh.
31.	Pankaja Mills, Coimbatore.	Pankaja Mills Limited, Coimbatore.
32.	Pioneer Spinners, Pioneer Nagar (Tamil Nadu).	Pioneer Spinners (Private) Limited, Pioneer Nagar (Tamil Nadu).
33.	Prabha Mills, Viramgam (Gujarat).	Prabha Mills Limited, Highway Rose Building, 92, Ambawadi Dixit Road, Vile Parle, Bombay-57.
34.	R. B. Bansilal Abirchand Spinning and Weaving Mills, Hinghanghat (Maharashtra).	R. B. Bansilal Abirchand Spin- ning and Weaving Mills Company (Private) Limited, Hinghanghat (Maharashtra).
35.	Savatram Ramprasad Mills, Akola (Maharashtra).	Savatram Ramprasad Mills Com- pany Limited, Akola (Maharash- tra).
36.	Seksaria Cotton Mills, Delisle Road, Parel, Bombay.	Seksaria Cotton Mills Limited, Delisle Road, Parel, Bombay.
37.	Shree Bijay Cotton Mills, Bijainagar (Rajasthan).	Shree Bijay Cotton Mills Limited, Bijainagar (Rajasthan).
38.	Shri Vikram Cotton Mills, Talkatora, Lucknow.	Shri Vikram Cotton Mills Limited, Lucknow (Uttar Pradesh).
39.	Sodepur Cotton Mills, Sodepur (West Bengal).	Sodepur Cotton Mills Limited, Sodepur (West Bengal).
40.	Sree Yallamma Cotton, Woollen and Silk Mills, Yallamnagar (Tolahunaso Railway Station).	Sree Yallamma Cotton, Woollen and Silk Mills Company Limited, Davangere City (Mysore State).
41.	Sri Kothandram Spinning Mills, Madurai.	Sri Kothandram Spinning Mills (Private) Limited, Madurai.
42.	Sri Sarada Mills, Podanur (Tamil Nadu).	Sri Sarada Mills Limited, Podanur (Tamil Nadu).
43.	Suraj Textile Mills, Malout Mandi, Punjab.	Suraj Textile Mills Limited, Malout Mandi, Punjab.
44.	Tirupathi Cotton Mills, Renigunta (Andhra Pradesh).	Tirupathi Cotton Mills Limited, 8, Boag Road, T. Nagar, Madras-17.
45.	Vidarbha Mills (Berar), Ellichpur (Maharashtra).	Vidarbha Mills Berar Limited, Ellichpur (Maharashtra).
46.	Vijaymohini Mills, Trivandrum.	The Vijaymohini Mills Limited, Trivandrum.

## THE SECOND SCHEDULE

*(See section 7)*

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|---|-------------|
| 1. The Industrial Employment (Standing Orders) Act, 1946. | 20 of 1946. |
| 2. The Industrial Disputes Act, 1947.                     | 14 of 1947. |
| 3. The Minimum Wages Act, 1948.                           | 11 of 1948. |

## STATEMENT OF OBJECTS AND REASONS

The Sick Textile Undertakings (Taking Over of Management) Ordinance, 1972, was promulgated on 31-10-1972 whereby the management of 46 textile undertakings, pending their nationalisation, was taken over by the Central Government. The principal reason underlying the issue of the Ordinance was that in Government's view, the long term rehabilitation of the undertakings in question, in order to maintain production and employment and further to ensure maximization of production and distribution at fair prices of cheaper varieties of cloth could not be undertaken under any of the existing statutory provisions. As a large quantum of public funds have to be invested in the operation of these undertakings for their modernisation, the possibility of taking over the management of the undertakings only for a limited period under the Industries (Development and Regulation) Act, 1951, was ruled out; and it was decided that the management of sick textile undertakings should be taken over pending nationalisation of such undertakings. Once the basic decision of nationalisation was taken, a genuine apprehension arose in Government's mind that unless the management of the concerned undertakings was taken over on immediate basis, there might be large-scale frittering away of assets which would be detrimental to the public interest. As the Parliament was not in session at that time and every day's delay could have had serious repercussions, the Ordinance in question was promulgated.

2. The Bill seeks to replace the said Ordinance with some modifications.

NEW DELHI;  
*The 8th December, 1972.*

L. N. MISHRA.

## FINANCIAL MEMORANDUM

Under the Sick Textile Undertakings (Taking Over of Management) Bill, 1972, powers are sought by the Central Government for continuing to manage 46 textile undertakings the management of which was taken over under the Sick Textile Undertakings (Taking Over of Management) Ordinance, 1972, pending their nationalisation.

2. Clause 6(1) of the Bill provides for the owner of every sick textile undertaking, being given by the Central Government an amount in cash for vesting in it the management of the sick textile undertaking concerned. The amount payable will depend on the installed capacity of the undertaking. However, the amount so payable is not likely to exceed Rs. 30,000 per annum.

3. As mentioned in the long title of the Bill, the management of these mills is to be taken over pending their nationalisation. Certain amounts will have to be paid at the time of nationalisation. The amounts to be so paid have yet to be assessed.

4. Money will also have to be provided to these mills for their working capital as well as modernisation. Expenditure on modernisation is necessary to make the mills financially viable. The total requirement of margin money for working capital for these mills has been estimated at about Rs. 1055 lakhs. The requirement on account of modernisation has been estimated at about Rs. 1706 lakhs.

5. Assuming that on the pattern of mills whose management had been taken over under the Industries (Development and Regulation) Act, 1951, 51 per cent. of the requirement of funds towards working capital margin and modernisation will have to be provided by the Central Government while 49 per cent. will be shared by the State Governments, the overall financial implication on these two counts will be Rs. 538 lakhs and Rs. 870 lakhs respectively as far as the Central Government is concerned.

6. During the current year, it is estimated that expenditure to the extent of 5 per cent. of the total outlay on modernisation will be incurred, amounting to Rs. 87 lakhs. As regards margin money for working capital, it is estimated that current year's requirement will be Rs. 263.75 lakhs. If 49 per cent. contribution is forthcoming from the State Government concerned, Central Government's contribution on both counts during the current year will be Rs. 178 lakhs.

7. The mills whose management has been taken over require large scale modernisation before they can become financially viable. During the first few years of their working during which they are being modernised, they are liable to incur losses resulting in the depletion of their working capital. The recoupment on this account during the first 3 years may amount to 25 per cent. of the working capital margin i.e. about Rs. 265 lakhs, of which Central Government's share at 51 per cent. would be Rs. 134 lakhs.

8. It will be seen that the expenditure contemplated in paragraph 2 above is of a recurring nature; while the expenditures contemplated in paragraphs 4 to 7 are of a non-recurring nature.

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MEMORANDUM REGARDING DELEGATED LEGISLATION

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Clause 17 of the Bill empowers the Central Government to make rules to carry out the provisions of the Bill. Such power would enable the Central Government to make rules with regard to matters of procedure and administrative detail, which it is not practicable to provide for in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

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S. L. SHAKDHER,  
*Secretary.*

